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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

QUIA CORPORATION, a Delaware corporation, Plaintiff/ Counter-Defendant, v. MATTEL, INC., a Delaware corporation; FISHER-PRICE, INC., a Delaware corporation; Defendants/Counterclaimants.	No. CV-10-1902-JF (HRL) **PLAINTIFF QUIA CORPORATION'S RESPONSE TO DEFENDANTS/ COUNTER-CLAIMANTS' SURREPLY IN OPPOSITION TO PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION** **Honorable Jeremy Fogel** **Hearing Date: 6/11/2010** **Time: 9:00 a.m.** **Courtroom: 3**

Plaintiff Quia Corporation ("Quia") hereby responds to Defendants' Surreply in Opposition to Plaintiff's Motion for Preliminary Injunction as follows:

I. **QUIA HAS NOT ADMITTED ITS ORIGINAL REQUEST FOR AN INJUNCTION WAS OVERBROAD.**

Defendants' claim that Quia admits its request for an injunction was "overbroad." Defendants' Surreply ("Sur.") p 1. That is not the case. Quia only stated that, at the very least, an injunction should issue precluding sales online. Quia has simply provided reasonable alternatives to the Court, should it decide not to issue a full injunction. To the extent this Court may require a disclaimer on websites where the iXL is advertised or sold, the following language should be ordered:

> Fisher-Price's "iXL" device is not affiliated with the "IXL" children's entertainment learning services offered by Quia Corporation. Quia Corporation's IXL service can be found at www.ixl.com.

Whatever language is ultimately fashioned by the Court, the language should advise consumers that the iXL device is different from Quia's product, and advise consumers how to access Quia's IXL website. *See Palantir Technologies, Inc. v. Palantir.net, Inc.*, 2008 WL 152339, at *8 (N.D. Cal, 2008). Accordingly, the disclaimer (i) should appear at or near the beginning of all homepages, next to the words iXL; (ii) should appear on any webpage that is linked to other sites in such a way as to allow a visitor to skip a home page; (iii) should appear on the first page of any e-mail advertisements, and (iv) should be at least as prominent as the main text on a webpage or e-mail advertisement. *See Oracle Corp. v. Light Reading, Inc.*, 233 F. Supp. 2d 1228, 1232 (N.D. Cal. 2002).

Further, any disclaimer should be *prominently* displayed on Defendants' homepage and product page, as well as any product page of an individual in active concert with Defendants and selling the iXL device online. *See Weight Watchers Int'l, Inc. v. Stouffer Corp*., 744 F. Supp. 1259, 1276-77 (S.D.N.Y. 1990) (disclaimer failed to alleviate likelihood of confusion due to small print and non-prominent placement); *Garden of Life, Inc. v. Letzer*, 318 F. Supp. 2d 946 (C.D. Cal., 2004) (disclaimer on website should "prominently and clearly" explain non-affiliation); *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1093 (7th Cir. 1988) (prominence is not achieved by the use of fine print disclaimers that are substantially smaller than any other print on a page); *Ty, Inc. v. Agnes M. Ltd*., 2001 WL 1414210, *9 (N.D. Ill. Nov. 9, 2001) (disclaimer ineffective when placed on internal web page instead of home page).

II THE PRESUMPTION OF IRREPARABLE HARM IS STILL APPLICABLE IN THE TRADEMARK CONTEXT.

Defendants admit that the Ninth Circuit's decision in *Marlyn Nutraceuticals* "post-dates *Winter*." Sur. p. 3; *see also Marlyn Nutraceuticals, Inc. v. Mucos PHarma GmbH & Co.*, 571 F.3d 873, 877 (9th Cir. 2009). Yet, Defendants state that unreported district court cases demonstrate that *Marlyn* is not controlling. *Id*. This simply makes no sense. Ninth Circuit precedent controls on this issue, especially given the fact that *Winter* is not a trademark case. *See ProtectMarriage.com v. Courage Campaign*, 680 F. Supp. 2d 1225 (E.D. Cal. 2010) (noting that *Marlyn* was decided subsequent to *Winter* and that "[a]ccordingly, the court's analysis is limited to the first *Winter* factor [on likelihood of success on the merits]").

III. REVERSE CONFUSION IS REAL AND HAPPENING HERE.

Defendants state that if search ranking damage was going to happen, it would have happened between February (the time of the New York Toy Fair) and now. Sur. p. 5. This argument is incredulous since Defendants have not yet released their product. It is simply common sense that there will be much more advertising, marketing, and multi-faceted Internet presence once the product is released. Since damage is happening now, it can only get worse once the iXL is released to some of the largest retailers in the world.

Defendants make a point of ignoring Ninth Circuit law. They imply that reverse confusion is not recognized. Sur. p. 4. This is not the case. *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 841 (9th Cir. 2002) (addressing reverse confusion claim). Defendants also attempt to brush aside Quia's initial interest confusion claim. Defendants say that consumers "are just as likely to use the 'back' button and find what they were originally looking for." Sur. p. 6. That is not the law in the Ninth Circuit. "[E]ven if they realize 'immediately upon accessing' the competitor's site that they have reached a site 'wholly unrelated to' [plaintiff's], the damage has been done." *Playboy Enters., Inc. v. Netscape Comm'ns Corp.*, 354 F.3d 1020, 1025 (9th Cir. 2004) (addressing initial interest confusion claim).

IV. DEFENDANTS STILL MISS THE POINT ON BALANCE OF HARDSHIPS.

Defendants offer their own "belief" that "the parties can continue to peacefully coexist, whether at retail stores or on the internet" as their rebuttal to federal law on their constructive knowledge of Quia's trademark registration. Sur. p. 6. Just like in *Moroccanoil*, however, Defendants' good faith is difficult to reconcile when they scrubbed their trademark application of any and all references to children's educational toys and learning systems. *See Moroccanoil, Inc. v. Moroccan Gold, LLC*, 590 F. Supp. 2d 1271, 1282 (C.D. Cal, 2008). Even so, Defendants have constructive knowledge of Quia's use of IXL simply due to Quia's federal trademark registration.

Further, the *Topline* case is applicable in just such an instance, as here, where the infringer has knowledge of the mark and thus chooses to use it "at its own peril." *Topline Corp v. 4273371 Canada, Inc.*, 2007 WL 2332471 (W.D. Wash., Aug 13, 2007). There, the defendant alleged that if it could not ship its goods, "the result will be disastrous," "orders will be canceled," and the defendant would "obtain a reputation that [it] cannot deliver on time." *Id.* at *3. Defendants' here make all the same arguments, which should also be rejected. Defendants completely ignore the *TriMark* case, where an injunction was issued despite defendant's contention that the injunction would "seriously and permanently damage [its] brand equity" when the defendant adopted the mark at its own risk. *TriMark USA, Inc. v. Performance Food Group Co., LLC*, 667 F. Supp. 2d 155, 170 (D. Mass. 2009).

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For all of the reasons presented to the Court, Quia's request for preliminary relief should be granted.

Dated: June 15, 2010

Respectfully submitted,
K&L GATES LLP

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